

Filed for intro on 02/02/95
House Bill _____
By _____

Senate No. SB1423
By Gilbert

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 5, relative to taxes and assessments on real property.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 5, is amended by adding the following as a new part to be designated as part 26:

Section 67-5-2601. "Insolvent property" as used in this part, means property subject to tax liens, and to special assessments and improvement district liens, and other similar liens securing obligations in excess of the amount for which the property can be sold to a private purchaser at a tax sale.

Section 67-5-2602. Tax liens on insolvent property may be compromised and settled in the manner hereinafter set forth:

(1) By the county and municipality in cooperation, where such property is located within an incorporated municipality; and

(2) By the county and state in cooperation, when such property is located in the county outside such municipality.

Section 67-5-2603.

(a) When the insolvent property is located within an incorporated municipality, the county trustee (or someone designated by him), the chief executive officer of the municipality (or someone designated by him), and such official as is directly in charge of the administration of the financial affairs of such municipality (or someone designated by him) are appointed as a "board for the settlement of liens on insolvent property," hereinafter referred to as the board.

(b) When the insolvent property is located in the county but outside such municipality, the county executive (or someone designated by him), the county trustee (or someone designated by him) and the county tax assessor (or someone designated by him), are appointed as a "board for the settlement of liens on insolvent property," hereinafter referred to as the board.

Section 67-5-2604.

(a) Any person owning property, which he considers to be insolvent property, may apply to either member of the appropriate board for a settlement of the tax liens, special assessment, and improvement district liens, and other similar liens on his property.

(b) If the board is of the opinion that the property in question is actually insolvent property, the board shall notify the property owner of the amount of money which the board will accept in full settlement of the liens heretofore mentioned, or such thereof as attached to the property, which amount of money shall be not less than the amount for which, in the opinion of the board, the property could be sold to a private purchaser at a tax sale; provided, however, that if the amount agreed upon is equal to or less than the aggregate of the original taxes, and/or special assessment, the same shall be settled without reference to interest and penalty.

(c) In the absence of fraud, the decision of the board as to the value, for which the property could be sold at a tax sale, shall be conclusive.

Section 67-5-2605.

(a)(1) Any property owner desiring to take advantage of the decision of the board shall deposit with the county trustee the amount which the board has indicated its willingness to accept.

(2) The board shall then make a written report, signed by all of its members (or their respective designated representatives), which report shall state the name of the property owner, a brief description of the property, which shall be the same as or similar to the description under which the property is assessed, the total amount of the existing liens, and the amount for which the liens are proposed to be settled.

(3) The liens sought to be settled shall not be deemed to be satisfied until:

(A) The written report shall have been presented to the legislative body of the municipality involved and spread upon the minutes of such body, where the property is situated within an incorporated municipality;
or

(B) The written report shall have been presented to the county legislative body and spread upon the minutes of such county legislative body, where the property is situated in the county but not within an incorporated municipality.

(b)(1) It shall not be necessary for the legislative body of the municipality, or for the county legislative body, as the case may be, to take any action on the report of the board other than to cause the same to be spread on its minutes.

(2) It shall thereupon be the duty of each official charged with the collection of any such taxes and/or assessments to note upon the appropriate tax records the fact that the taxes involved in the report have been settled.

(3) Upon this being done, and not until then, the liens of such taxes and/or assessments shall be deemed discharged.

(c) Only those liens securing obligations which are due and delinquent at the time the decision of the board is made shall be discharged in the manner herein provided.

(d) In all settlements involving liens, for the enforcement of which suits have been filed, the board shall file its report in such pending suit or suits and not elsewhere, and the property owner shall deposit with the clerk of the court, instead of the county trustee, the amount of money which the board has indicated its willingness to accept, and it shall be necessary that such settlements be approved by the court in which the suits are pending, before the settlements become final; and in such cases, it shall not be necessary as a prerequisite to its effectiveness, that a notation of settlement be first made upon the tax records.

Section 67-5-2606. The money so paid into the hands of the county trustee or the clerk of the court, as the case may be, shall be used to pay the following obligations in the order named:

(1) Court costs and attorney's fees, if any, in all cases where suits for enforcement of the liens are pending;

(2) State taxes, or such amount thereof, as the commissioner of revenue, with the consent of the governor and attorney general, is willing to accept in full settlement thereof, which state officials are authorized to compromise such taxes in a manner similar to that provided in Section 67-5-2505;

(3) County and municipal taxes, beginning with the taxes which have most recently become delinquent, and proceeding successively to the oldest taxes against the property. If the money available is sufficient to pay part, but not all of the county and municipal taxes for each of such years, the same will be apportioned between county and municipality in the proportion of the amounts of their respective delinquent taxes for those years; and

(4) Any special assessment, improvement district, or other similar liens,
according to their legal priorities.

SECTION 2. This act shall take effect on July 1, 1995, the public welfare requiring it.